



# GEORGIA BUILDING AUTHORITY

One Martin Luther King, Jr. Drive, Atlanta, Georgia 30334

404-656-3253 • 404-657-0337

Chairman  
Sonny Perdue  
Governor

May 23, 2008

Executive Director  
Steven L. Stancil

Ms. Elizabeth P. Archer  
State Inspector General  
Office of the Inspector General  
1102 West Tower  
2 Martin Luther King, Jr. Drive NW  
Atlanta, Georgia 30334

Re: File No. 07-069

Dear Ms. Archer:

The Georgia Building Authority (GBA) has reviewed the investigative report and recommendations regarding the bid solicitation and selection process and procedures for processing and awarding contracts. We concur with your recommendations and our specific response to each recommendation is noted below in italics:

## **OIG Recommendations and GBA Responses**

1. GBA should ensure that contract specialists, end users, and any employees involved in the bid solicitation and selection process are trained in the proper procedures for processing and awarding contracts. Training, should include, but is not limited to:
  - a. Avoidance of conflict of interest
  - b. Contract documentation and record keeping
  - c. Vendor interaction
  - d. Vendor selection

*Response: The items enumerated above are specifically addressed in sections IV, V, and VII of the GBA Purchasing Manual and the Ethics and Standards of Conduct Policy (see Attachments "A" and "B"). GBA will ensure that contract specialists, end users and any employees involved in the bid solicitation and selection process are trained in the proper procedures as described in the Purchasing Manual. GBA's Human Resources office will schedule this mandatory training.*

2. If, during the bid process, there is a request to deviate from the original solicitation document, a written explanation should be made part of the contract file.

*Response: GBA will include a statement in the Purchasing Manual that addresses any request from a vendor to deviate from the original solicitation document. Any document requesting a deviation will become part of the bid file.*

3. GBA should ensure that any amendments to the original contract(s) must be in writing and made part of the contract file. Affected parties should be notified immediately of all amendments or addendums.

*Response: The GBA will modify section IX of the Purchasing Manual to provide direction on the documenting of any addendums to the RFP process or amendments to the contract. GBA's Human Resources office will ensure that contract specialists, end users and any employees involved in the bid solicitation and selection process are trained in the proper procedures.*

4. Training should be provided to the end users in order to ensure compliance with contract specifications and proper and effective contract management. Training should include, but is not limited to:
  - a. Ensuring that the costs incurred match the costs agreed to in the original contract, or amendments.
  - b. Reviewing all billings to ensure that they are for work which has been satisfactorily performed.
  - c. Being alert to sudden and unexpected cost growth or over-runs.

*Response: Section IV, paragraph J, of the GBA Purchasing Manual requires the tracking of expenditures against all bids, requests for proposals and other Board awarded contracts to ensure that the amount of purchase orders released does not exceed the estimated amount approved by the GBA. The mandatory training referred to in response to recommendation 1, will include the tracking of expenditures. GBA will also add a section to its Purchasing Manual regarding end user contract administration to ensure employee and vendor compliance with all contracts. Additionally, GBA will evaluate the necessity of any additional training offered through DOAS related to contract compliance.*

5. GBA should consider including in their procurement manual a conflict of interest questionnaire to be used by all employees and vendors involved in the bid selection process. If a conflict of interest is identified, a descriptive statement of how the conflict of interest was resolved should be made part of the permanent contract file.

*Response: This particular matter is addressed in GBA's Ethics and Standards Policy (see Attachment "B"). Additionally, GBA will draft a Selection Committee Member Confirmation Statement and a Proposer's Disclosure Statement to be completed by all employees and vendors in the bid selection process. These documents will be completed by 07/01/2008 and will be made an exhibit to the Purchasing Manual. This matter will also be covered in the mandatory training regarding the use and adherence to the Purchasing Manual.*

6. GBA should consider emphasizing the consequences of internal theft of state property by employees.

*Response: GBA will include a specific reference to theft in the Ethics and Standards of Conduct (HR-06-12-001) policy. This will be highlighted in the annual policy review as well as new employee orientation.*

7. GBA should consider incorporating into their Policy Manual that the "end user"/Project Officer will not have final authority in the issuance of a contract.

*Response: Section VI of the Purchasing Manual states, "Requisition Approval Process requires a minimum of three signatures, including the Division Director, for any issuance of a contract." The GBA will require strict adherence to the requirements of the Purchasing Manual.*

8. GBA should consider verifying with the Georgia Department of Revenue and the Georgia Department of Labor that prospective vendors are in good standing.

*Response: GBA will examine and verify as needed that prospective vendors are in good standing with the Department of Revenue and the Department of Labor.*

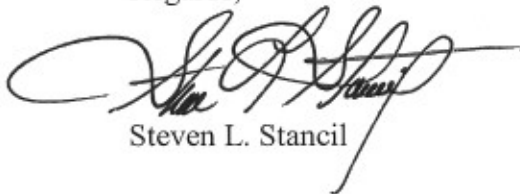
9. GBA should require adherence to state records retention policies.

*Response: GBA has established a record retention schedule or adheres to those schedules established by the Office of the Secretary of State. Additionally, for all service contracts, GBA inserts a requirement that all vendors must retain records for a minimum of 3 years after termination of the contract. This requirement shall remain in all contracts and will be modified as appropriate.*

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The above responses highlight the internal policies, procedures and controls that have been or shall be implemented at the GBA. Should you require any additional information, please do not hesitate to contact me at the number provided above. I sincerely appreciate the time taken by you and your staff during this review. It has provided the GBA with an opportunity to significantly improve its operational processes.

Regards,

A handwritten signature in black ink, appearing to read 'S. Stancil', with a large, sweeping flourish extending to the left and a smaller flourish to the right.

Steven L. Stancil